

LAW OFFICES OF
KIMBALL, PARR, WADDOUPS, BROWN & GEE
A PROFESSIONAL CORPORATION
SUITE 1300
185 SOUTH STATE STREET
POST OFFICE BOX 11019
SALT LAKE CITY, UTAH 84147
TELEPHONE (801) 532-7840
TELECOPIER (801) 532-7750

RECEIVED

SEP 03 1991

DIVISION OF
OIL GAS & MINING

CLAYTON J. PARR

September 3, 1991

Dianne R. Nielson, Director
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: NOI M/049/001 - Keigley Quarry Mine, Geneva Steel

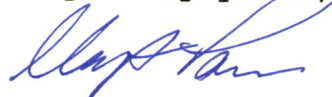
Dear Dianne:

Please reference the Reclamation Contract dated March 23, 1989 (the "Contract"), for the Keigley Quarry Mine, Basic Manufacturing and Technologies of Utah, Inc., Operator. Our client Geneva Steel is the successor by name change to Basic Manufacturing and Technologies of Utah, Inc.

Pursuant to Paragraph 7 of the Contract, request is hereby made to the Board on behalf of Geneva Steel to substitute surety. Surety is presently provided under a depository account with Valley Bank & Trust Company pursuant to a letter agreement among the Bank, Geneva Steel, and the division dated March 10, 1989 (copy attached). The proposed surety is a Surety Bond for Geneva Steel, as Principal, with St. Paul Fire and Marine Insurance Company, as Surety, in the amount of \$505,000 in the form attached to this letter.

Please contact me if any further information is necessary. Thank you for your assistance.

Very truly yours,



Clayton J. Parr

CJP/wc

cc: Dennis Wanlass
Roy Benson
Lynn Hart



GENEVA STEEL

PO BOX 2500
PROVO, UTAH 84603

TELEPHONE (801) 227-9000
FAX (801) 227-9090

March 10, 1989

Valley Bank & Trust Company
185 South State Street
Salt Lake City, UT 84111

State of Utah
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1230

Re: Depository Account for Basic Manufacturing and
Technologies of Utah, Inc., dba Geneva Steel Company
Account No. _____, Keigley Quarry Mine
Permit No. M/049/001

Gentlemen:

Basic Manufacturing and Technologies, Inc., dba Geneva Steel Company ("Geneva") has entered into a Reclamation Contract (the "Reclamation Contract") with the Division of Oil, Gas and Mining (DOGM) pursuant to which Geneva has agreed to provide bonding in the amount of \$505,000.00 to secure performance of reclamation of the Keigley Quarry Mine.

The purpose of this letter is to establish the basis for a depository account that will serve as collateral for the obligations of Geneva under the Reclamation Contract.

Accordingly, we request your agreement with the following:

1. Account # _____ at Valley Bank (the "Depository Account") will be operated and maintained exclusively for the benefit of DOGM.
2. Geneva will deposit the sum of \$505,000.00 into the Depository Account.

3. All interest accruing on the funds in the Depository Account shall be distributed monthly by Valley Bank to Geneva in accordance with instructions from Geneva.

4. Withdrawals from the Account may only be made by signature of the person purporting to be the Director of DOGM, verified by the Attorney General or any Assistant Attorney General of the State of Utah.

5. DOGM may make withdrawals from the Depository Account only as provided in the Reclamation Contract or as appropriate to effect an approved refund of all or part of the funds therein to Geneva, but Valley Bank shall have no obligation to establish whether any withdrawal of DOGM is permitted by the Reclamation Contract or otherwise.

6. Upon certification by DOGM of completion of reclamation by Geneva as provided in paragraph 5 of the Reclamation Contract or upon approval by the Board of a substitute bond, DOGM shall withdraw all funds in the Depository Account and make transfer thereof to Geneva.

If the foregoing provisions are satisfactory to you, please so indicate by signing the form of acceptance set forth below.

Very truly yours,

BASIC MANUFACTURING AND TECHNOLOGIES
OF UTAH, INC.

By
Its

Eggar B. Gallen
President & C.O.O.

ACCEPTED AND AGREED:

VALLEY BANK & TRUST COMPANY

By

Its

Date

[Signature]
Vice President
3/16/89

ACCEPTED AND AGREED:

UTAH DIVISION OF OIL, GAS
AND MINING

By

Its

Date

Dianne K. Nielson
Director
3/23/89

EXHIBIT B

MR FORM 5

March 1991
(Noncoal)

Bond Number _____
Permit Number M/049/001
Mine Name Keigley Quarry

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned GENEVA STEEL,
as Principal, and ST. PAUL FIRE AND MARINE INSURANCE COMPANY,
as Surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors, and assigns, jointly and severally, unto the State of Utah, Division
of Oil, Gas and Mining (Division) in the penal sum of Five Hundred Five Thousand and No/100
dollars (\$ 505,000.00).

Principal has estimated in the Mining and Reclamation Plan approved by the
Division on the 23rd day of March, 1989, that 400
acres of land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached hereto as "Attachment 1"

The condition of this obligation is that if the Division determines that Principal
has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining
and Reclamation Plan and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance
therewith, then this obligation shall be void; otherwise it shall remain in full force and
effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of
the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act
and regulations, then Principal may apply for a reduction in the amount of this Surety
Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal to be performed prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

Dated this 29th day of August, 19 91.

State of Utah
Board of Oil, Gas and Mining

James W. Carter, Chairman

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Date 30 AUGUST 1991

Geneva Steel
Principal (Permittee)

By (Name typed): Robert A. Johnson

Title: Vice President

Signature: Robert A. Johnson

Date August 29, 1991

ST. PAUL FIRE AND MARINE INSURANCE COMPANY
Surety

By (Name typed): EARL D. BROWN

Title: ATTORNEY-IN-FACT

Signature: Earl D. Brown

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

EARL D. BROWN, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) ATTORNEY-IN-FACT of said Surety, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: *Earl D. Brown*

Surety Officer

Title: ATTORNEY-IN-FACT

Subscribed and sworn to before me this 29th day of August, 19 91.

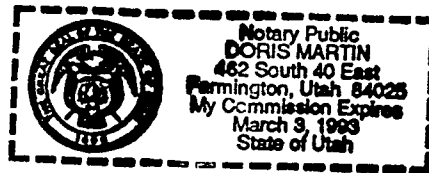
Doris Martin

Notary Public

Residing at: Farmington, UT

My Commission Expires:

March 3, 19 93



"ATTACHMENT 1"

Geneva Steel
Operator

Keigley Quarry
Mine Name

M/049/001
Permit No.

Utah County, Utah

The lands to be disturbed, consisting of approximately 400 acres, are located within the following described areas:

SW $\frac{1}{4}$ Sec. 15, Sec. 22, SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 23, W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 26, NE $\frac{1}{4}$,
E $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 27, T9S, R1E, SLB&M.

For verification of the authenticity of this Power of Attorney, you may telephone toll free 800-328-2189 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

GENERAL POWER OF ATTORNEY - CERTIFIED COPY
(Original on File at Home Office of Company. See Certification.)

KNOW ALL MEN BY THESE PRESENTS: That **St. Paul Fire and Marine Insurance Company**, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

Earl D. Brown, Karen Hone, Doris Martin,
Karen A. O'Neill, individually,
Salt Lake City, Utah

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise,

NOT TO EXCEED IN PENALTY THE SUM OF TEN MILLION (\$10,000,000) EACH

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said **St. Paul Fire and Marine Insurance Company**, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C), of the By-Laws adopted by the Board of Directors of **ST. PAUL FIRE AND MARINE INSURANCE COMPANY** at a meeting called and held on the 23rd day of January, 1970, of which the following is a true transcript of said Section 6(C):

- "The President or any Vice President, Assistant Vice President, Secretary or Resident Secretary shall have power and authority
- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
 - (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
 - (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 6th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."



IN TESTIMONY WHEREOF, **St. Paul Fire and Marine Insurance Company** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 1st day of March, A.D. 1984.

STATE OF MINNESOTA } ss.
County of Ramsey

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

[Signature]
Vice President

On this 28th day of May, 1987, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said that he/she is the therein described and authorized officer of **St. Paul Fire and Marine Insurance Company**; that the seal affixed to said instrument is the Corporate Seal of Said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the city of St. Paul, Minnesota, the day and year first above written.

Mary Clancy

MARY C. CLANCY, Notary Public, Ramsey County, MN
My Commission Expires November 1, 1990

CERTIFICATION

I, the undersigned officer of **St. Paul Fire and Marine Insurance Company**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the **ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY**, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

29th day of August, 1991

[Signature]
Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.